

IDAHO OUTLOOK

NEWS OF IDAHO'S ECONOMY AND BUDGET

STATE OF IDAHO

DIVISION OF FINANCIAL MANAGEMENT

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It appears many Americans have more than taken Horace Greeley's advice to "go west." Not only are we going west, we're going south as well. This is one of the conclusions presented in the U.S. Census Bureau's April 2006 report entitled *Domestic Net Migration in the United States: 2000 to 2004*. As defined in this report net migration is the difference between the number of people moving into a state and the number leaving it. In-migration occurs when more people move into a state than move out of it. On the other hand, out-migration is when more people leave the state than enter it. It should also be pointed out the report only covers domestic migration; it does not attempt to count international migration.

According to the Census Bureau, the Northeast lost 987 thousand people and the Midwest experienced a decline of 645 thousand during the 2000-2004 period. In contrast, the West added 221 thousand persons and the South gained 1.411 million. This lopsided distribution can be seen another way. The list of the ten states with the highest in-migrations consists entirely of western and southern states. On the other hand, seven of the ten states with highest out-migrations were northeastern and midwestern states. The other three states were two western states, California and Utah, and one southern state, Louisiana.

Interestingly, unlike the South, not all of the divisions in the West had in-migration this decade. The Pacific

Census Division (Alaska, California, Hawaii, Oregon, and Washington) actually experienced an out-migration of about 302 thousand. This drop occurred because Oregon's and Washington's gains were eclipsed by the out-migration from Alaska, California, and Hawaii. However, the Mountain Census Division (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming) took up the slack by posting a net increase of 523 thousand.

Another method for assessing each state's strength is to compute and rank its migration rate. The U.S. Census Bureau defines this rate as the number of migrants per 1,000 of the average native population for 2000 through 2004. This metric underscores just how strong migration has been in the Mountain Census Division. Mountain states accounted for three of the five highest in-migration rates in the nation during this period. Nevada was in first place with a 23.3% in-migration rate. Arizona's 12.2% in-migration pace placed it second. Idaho placed fourth nationally with a 7.2% in-migration rate. At the other end of the list, Utah had the nation's sixth highest out-migration rate of -4.1%. This marks a reversal for the Beehive State from the 1990s when its in-migration rate was 3.5%. The migration situation has also reversed in the Cowboy State. Wyoming had a -0.7% out-migration rate in the 1990s, but a 0.9% in-migration rate from 2000 to 2004.

Idahoans should be interested in migration because historically it has caused notable swings in the state's population. For example, Idaho's population growth in the 1980s was subdued by that decade's out-migration. This changed in the next decade. Idaho was one of the fastest growing states in the 1990s thanks to robust in-migration. A look at more recent estimates drives this point even further. Idaho's population has increased by an estimated 135,410 from the last census to 2004. Domestic in-migration accounted for more than half (75,795) of this increase.

One of the results of the strong migration is native Idahoans make up a smaller share of the Gem state's population than they did in the last decade. According to the Census Bureau, just over half (50.6%) of the state's 1990 population was born in Idaho. By 2000, less than half (47.2%) of Idahoans were born in the Gem State. According to the last census, most non-native Idahoans (122,147) are from California. As of 2000, 71,001 Idahoans were born in Washington State. Another 58,583 Idahoans were born in Utah. And nearly 50,000 Oregonians called the Gem State home.

In a way, it seems Mr. Greeley's advice is too limiting for Idaho. In these modern times, the Gem State population has swelled with newcomers arriving from nearly every point of the compass, not just those "going west."

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General Fund Update

As of March 31, 2006

Revenue Source	\$ Millions		
	FY06 Executive Estimate³	DFM Predicted to Date	Actual Accrued to Date
Individual Income Tax	1,096.7	740.4	727.3
Corporate Income Tax	164.4	99.1	114.9
Sales Tax	836.4	639.1	662.2
Product Taxes ¹	23.2	17.4	17.5
Miscellaneous	108.4	60.1	59.1
TOTAL GENERAL FUND²	2,229.1	1,556.1	1,581.1

¹ Product Taxes include beer, wine, liquor, tobacco and cigarette taxes

² May not total due to rounding

³ Revised Estimate as of January 2006

General Fund revenue collections were \$17.6 million higher than expected in March, bringing the year-to-date balance to \$25.0 million ahead of expectations. This veritable flood of revenue is the result of exceptionally strong sales and individual income tax receipts in March, moderated by weakness in the miscellaneous category. On a year-to-date basis the strength is concentrated in the sales tax and corporate income tax, with offsetting weakness in the individual income tax. However, the individual income tax weakness is most likely a timing issue, with a strong probability that this category will recover by fiscal year-end.

Individual income tax closed nearly half of the gap in March, coming in \$11.3 million ahead of the target. It now stands \$13 million lower than expected for the fiscal year to date. March's strength came in the form of filing payments that were ahead \$4.6 million in March (up \$13.9 million for the year to date), withholding payments that were \$1.6 million ahead of

target in March (down \$37 thousand for the year to date), and refunds that were \$4.7 million lower than expected in March (up \$28.1 million on a year-to-date basis). At this point the only weakness in the individual income tax (refunds) appears to be a matter of timing, and it is very likely that the individual income tax will finish FY 2006 at or above the current forecast.

Corporate income tax revenue was \$1.4 million higher than expected in March, bringing this revenue category back up to \$15.8 million ahead of expectations. Gross collections (filing and estimated payments) were a combined \$0.5 million ahead of expectations in March, but are ahead \$11.2 million for the fiscal year to date. Refunds also contributed to both March's and the fiscal year-to-date strength, with payouts being \$1.1 million lower than expected for the month and \$4.9 million lower for the fiscal year to date.

Sales tax revenue continues to utterly astound, with March coming in \$7.2

million ahead of expectations. This is second only to February's performance, which was \$10.4 million higher than expected. On a fiscal year-to-date basis the sales tax now stands \$23.1 million above the predicted amount. Adjusted for the July 1, 2005 rate change, sales tax gross collection growth was 11.9 percent in March and is 11.6 percent for the fiscal year to date. One has to go back 12 years to find a higher growth rate (12.5 percent in FY 1994), and to find a second fiscal year with higher growth takes going back almost 30 years to FY 1978, when the sales tax grew by 14.5 percent.

Product taxes were essentially on target in March, while the miscellaneous revenue category registered its third consecutive month of under performance. This month's miscellaneous category weakness was concentrated in the insurance premium tax (down \$1.8 million), interest earnings (down \$0.6 million), and unclaimed property (down \$0.2 million).